

# Fiscal Presentation for the Southeast Wisconsin Medicaid Managed Care Organizations Request for Proposal

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November 11, 2009

Department of Health Services

Division of Health Care Access and Accountability

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# Agenda

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1. Review Cost Proposal Requirements
2. Cost Proposal Scoring
3. Cost Proposal and the Auto Assignment Methodology
4. Comments Regarding the Cost Proposal
5. Description of the 3.25% of the Capitation at Risk
6. Availability of a Data Extract
7. Questions



# Cost Proposal Requirements

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- The Cost Proposal must be submitted using the form in Appendix B of the RFP.
- The form must be completed in its entirety and submitted in a separate envelope from the Technical Proposal as directed in Section 3.



# Appendix B Cost Proposal Requirements

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- Pursuant to the specifications in Section 8 of the RFP, Proposers must submit a Cost Proposal for the administrative costs associated with administering the BadgerCare Plus Standard and Benchmark Plans in accordance with the terms of the BadgerCare Plus contract (Appendix A to the RFP).
- The administrative cost will represent the funding necessary for the HMO to cover the non-medical costs required of the BadgerCare Plus contract.



# Appendix B Cost Proposal Requirements

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- In the required box, Proposers must submit a single amount expressed as a per member per month (PMPM) cost carried out to the second decimal point.



# Cost Proposal Scoring

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- The Cost Proposal will be scored using a methodology in which the most points will be awarded to the Proposal with the lowest cost.
- The other Proposals will be awarded fewer points that will be calculated relative to the lowest cost.
- Fifty percent (50%) of total points will be allocated to the Vendor's Cost Proposal.



# Cost Proposal and the Auto Assignment Methodology

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- For HMOs who are awarded a contract through the RFP, the score the HMO receives on the Cost Proposal section of this RFP will determine the percentage of members automatically assigned to the HMO.
- Among the HMOs that are awarded the contract, the HMO with the lowest Cost Proposal will receive 60% of auto-assignments and the second lowest Cost Proposal will receive 25% of auto-assignments.



# Cost Proposal and the Auto Assignment Methodology

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- The remaining 15% of auto-assignments will be allocated equally among the third lowest Cost Proposal and any additional HMOs that may be awarded a contract through the RFP.
- If any HMO reaches its enrollment cap before the allotted auto-assignments have been allocated to that HMO, the remaining auto-assignments will be given to the HMO with the next lowest Cost Proposal.





# Cost Proposal and the Auto Assignment Methodology

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- Note that for BadgerCare Plus families, all members of a family will be automatically assigned to the same HMO.



# Comments Regarding the Cost Proposal Requirements

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- The proposer's Administrative PMPM should represent the funding necessary for the HMO to cover the non-medical costs required of the BadgerCare Plus contract.
- Medical costs associated with serving the population will be included in the medical component of the PMPM.
- The medical component of the capitation rate will be set on an annual basis. For CY10, the medical PMPM are included under section 8.3 of the RFP.



# Comments Regarding the Cost Proposal Requirements

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- For HMOs that are awarded the contract, the PMPM will be added to the base medical capitation rate.
- Therefore, no administration will be added to the maternity kick payments since this administration should be included in the PMPM added to the base rate.
- The Department may, at its sole discretion, adjust this administrative PMPM annually by no more than the Consumer Price Index (CPI ).



# Comments Regarding the Cost Proposal Requirements

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- For CY 2010, standard plan capitation payment will be adjusted retrospectively for chronicity using the Chronic Illness and Disability Payment System (CDPS).
- For CY 2011 and future years, the capitation payments will be adjusted annually to reflect the chronicity of the HMO's-specific population within the region.
- HMOs chronicity scores are set on an annual calendar year basis. The Department does not change the HMO specific CDPS score during the year.



# Comments Regarding the Cost Proposal Requirements

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- The Base medical PMPM and Administrative PMPM will be adjusted for chronicity.
- Maternity kick payment and access payments are not adjusted for chronicity



# Comments Regarding the Cost Proposal Requirements

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- Currently the Department pays June capitation payments in July.
- In addition, one of the Departments rate reform proposals for the 09-11 biennium is to pay the May 2011 capitation payments in July 2011. This adjustment will be ongoing in future years.



# Calculation of the 3.25% at Risk

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- Beginning in CY 2011, 3.25% of the HMO-specific capitation rate (excluding access payments) will be held at-risk annually based on the HMO's performance in meeting the Department's quality performance benchmarks detailed in Addendum VI in the BadgerCare Plus Contract (Appendix A to this RFP).
- Although the full HMO-specific capitation rate will be determined, 3.25% of that rate will not be paid out to the HMOs annually unless an HMO meets the Department's quality performance criteria.



# Calculation of the 3.25% at Risk

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- Funding at risk will be distributed once sufficient data is collected to perform the analysis. Generally, sufficient encounter data is available 6 months after the close of the calendar year.
- Analysis to distribute the at risk funding will be completed after this time period.
- Note that since there is no funding at risk in CY10, the medical PMPMs under section 8.3 of the RFP are the final medical PMPMs.





# Availability of a Data Extract

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- Each proposer will receive a data disk containing historical 2006 and 2007 encounter data.
- Once a letter of intent to bid is received (due by close of business on November 18, 2009) the proposer will be sent a copy of a data extract.
- The data included in the extracts represent the claims and eligibility that were used to develop the base rates for Regions 5 and 6. For example, claims for ventilator dependent enrollees were removed since these individuals are paid for on a cost basis by DHS.



# Availability of a Data Extract

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- Claim level detail for the regions will be provided for the BadgerCare Plus Standard Plan enrollees, split by the following:
  - Non-Maternity related services used to develop the Standard and Benchmark Plan base rates.
  - Maternity related services used to develop the maternity kick payment.



# Availability of a Data Extract

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- The two claims files have the same layout but will include different periods of time to be consistent with the rate development:
  - Non-Maternity Related: Data for calendar years 2006 and 2007
  - Maternity Related: Data for deliveries (which includes the delivery, prenatal, and postpartum care) that occurred in 2007



# Availability of a Data Extract

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- The claims extracts will include all relevant fields to allow an HMO construct cost per unit of service and utilization statistics by rate cell. A sample of some variables included in the extract follows:
  - Unique member identifier
  - Gender
  - Age cohort (consistent with the rate cell definitions)
  - County
  - Medical codes (e.g. ICD-9 codes, revenue codes, & procedure codes)
  - Encounter cost



# Availability of a Data Extract

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- Enrollment, member months, information will be provided in a summarized format by county and rate cell for calendar years 2006 and 2007.



# Questions

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